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Chapter 02 - Project Selection and Prioritization

1. Strategic analysis is an important first step in setting strategic direction.
   a. True
   b. False

ANSWER: True
DIFFICULTY: Easy
QUESTION TYPE: True / False
LEARNING OBJECTIVES: CTPM.KLOP.19.02.01 - Explain in your own words the strategic planning and portfolio management processes.
KEYWORDS: Bloom's: Knowledge
NOTES: Completion Time: 3 Minutes

2. Strategic analysis is often called Strengths, Weaknesses, Opportunities and Threats (SWOT).
   a. True
   b. False

ANSWER: True
DIFFICULTY: Easy
QUESTION TYPE: True / False
LEARNING OBJECTIVES: CTPM.KLOP.19.02.01 - Explain in your own words the strategic planning and portfolio management processes.
KEYWORDS: Bloom's: Knowledge
NOTES: Completion Time: 3 Minutes

3. Strategic analysis is often called SWOT - Start With Objectives Template (SWOT).
   a. True
   b. False

ANSWER: False
DIFFICULTY: Moderate
QUESTION TYPE: True / False
LEARNING OBJECTIVES: CTPM.KLOP.19.02.01 - Explain in your own words the strategic planning and portfolio management processes.
KEYWORDS: Bloom's: Comprehension
NOTES: Completion Time: 5 Minutes

4. The internal part of strategic analysis (elements within the project team's control) consists of asking what opportunities and threats are posed by competitors, suppliers, customers, regulatory agencies, technologies and so on.
   a. True
   b. False

ANSWER: False
DIFFICULTY: Moderate
QUESTION TYPE: True / False
LEARNING OBJECTIVES: CTPM.KLOP.19.02.01 - Explain in your own words the strategic planning and portfolio management processes.
KEYWORDS: Bloom's: Comprehension
NOTES: Completion Time: 5 Minutes

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5. Once the SWOT analysis is complete, the organization's leadership should establish guiding principles such as the vision and mission before setting strategic objectives.

a. True

b. False

ANSWER: True
DIFFICULTY: Moderate
QUESTION TYPE: True / False
LEARNING OBJECTIVES: CTPM.KLOP.19.02.01 - Explain in your own words the strategic planning and portfolio management processes.
KEYWORDS: Bloom's: Comprehension
NOTES: Completion Time: 5 Minutes

6. The organization's leadership should establish the flow-down objectives to set the stage for establishing the guiding principles such as the vision and mission.

a. True

b. False

ANSWER: False
DIFFICULTY: Moderate
QUESTION TYPE: True / False
LEARNING OBJECTIVES: CTPM.KLOP.19.02.01 - Explain in your own words the strategic planning and portfolio management processes.
KEYWORDS: Blooms: Application
NOTES: Completion Time: 5 Minutes

7. The vision statement should present a positive, inspiring and vivid description of the organization as it currently exists.

a. True

b. False

ANSWER: False
DIFFICULTY: Moderate
QUESTION TYPE: True / False
LEARNING OBJECTIVES: CTPM.KLOP.19.02.01 - Explain in your own words the strategic planning and portfolio management processes.
KEYWORDS: Bloom's: Comprehension
NOTES: Completion Time: 5 Minutes

8. Strategic objectives are the means of achieving the mission and vision, and should provide focus on decisions regarding which projects to select and how to prioritize them.

a. True

b. False

ANSWER: True
DIFFICULTY: Moderate
QUESTION TYPE: True / False
LEARNING OBJECTIVES: CTPM.KLOP.19.02.01 - Explain in your own words the strategic planning and portfolio management processes.
KEYWORDS: Bloom's: Comprehension

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NOTES: Completion Time: 5 Minutes

9. Strategic objectives describe both short- and long-term results that are desired, along with measures to determine their achievement.

a. True

b. False

ANSWER: True
DIFFICULTY: Easy
QUESTION TYPE: True / False
LEARNING OBJECTIVES: CTPM.KLOP.19.02.01 - Explain in your own words the strategic planning and portfolio management processes.
KEYWORDS: Bloom's: Knowledge
NOTES: Completion Time: 3 Minutes

10. Projects tend to be the primary method for implementing many objectives.

a. True

b. False

ANSWER: True
DIFFICULTY: Moderate
QUESTION TYPE: True / False
LEARNING OBJECTIVES: CTPM.KLOP.19.02.01 - Explain in your own words the strategic planning and portfolio management processes.
KEYWORDS: Bloom's: Comprehension
NOTES: Completion Time: 5 Minutes

11. A portfolio is defined as "projects, programs, subportfolios, and operations managed as a group to achieve strategic business objectives"

a. True

b. False

ANSWER: True
DIFFICULTY: Easy
QUESTION TYPE: True / False
LEARNING OBJECTIVES: CTPM.KLOP.19.02.02 - Describe how to select, prioritize, and resource projects as an outgrowth of strategic planning.
KEYWORDS: Bloom's: Knowledge
NOTES: Completion Time: 3 Minutes

12. A project portfolio is a useful storage medium that enables the project manager to consolidate all project information in a single, convenient location.

a. True

b. False

ANSWER: False
DIFFICULTY: Moderate
QUESTION TYPE: True / False
LEARNING OBJECTIVES: CTPM.KLOP.19.02.02 - Describe how to select, prioritize, and resource projects as an outgrowth of strategic planning.

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KEYWORDS: Bloom's: Comprehension
NOTES: Completion Time: 5 Minutes

13. To accomplish portfolio management, executives need to identify, select, prioritize, resource and govern an appropriate portfolio of projects and other work.

a. True
b. False

ANSWER: True
DIFFICULTY: Easy
QUESTION TYPE: True / False
LEARNING OBJECTIVES: CTPM.KLOP.19.02.02 - Describe how to select, prioritize, and resource projects as an outgrowth of strategic planning.
KEYWORDS: Bloom's: Knowledge
NOTES: Completion Time: 3 Minutes

14. If an organization does not have the right capabilities, a project that may otherwise support organizational goals may be too difficult to successfully complete.

a. True
b. False

ANSWER: True
DIFFICULTY: Moderate
QUESTION TYPE: True / False
LEARNING OBJECTIVES: CTPM.KLOP.19.02.02 - Describe how to select, prioritize, and resource projects as an outgrowth of strategic planning.
KEYWORDS: Bloom's: Comprehension
NOTES: Completion Time: 5 Minutes

15. The degree of formality used in selecting projects varies widely across organizations.

a. True
b. False

ANSWER: True
DIFFICULTY: Moderate
QUESTION TYPE: True / False
LEARNING OBJECTIVES: CTPM.KLOP.19.02.02 - Describe how to select, prioritize, and resource projects as an outgrowth of strategic planning.
KEYWORDS: Bloom's: Comprehension
NOTES: Completion Time: 5 Minutes

16. Because the specific projects within them are of limited duration, programs themselves are temporary.

a. True
b. False

ANSWER: False
DIFFICULTY: Moderate
QUESTION TYPE: True / False
LEARNING OBJECTIVES: CTPM.KLOP.19.02.02 - Describe how to select, prioritize, and resource projects as an

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outgrowth of strategic planning.
KEYWORDS: Bloom's: Comprehension
NOTES: Completion Time: 5 Minutes

17. A business case is a brief narrative description of products, services, or results to be supplied by the project.
a. True
b. False
ANSWER: False
DIFFICULTY: Challenging
QUESTION TYPE: True / False
LEARNING OBJECTIVES: CTPM.KLOP.19.02.02 - Describe how to select, prioritize, and resource projects as an outgrowth of strategic planning.
KEYWORDS: Bloom's: Comprehension
NOTES: Completion Time: 10 Minutes

18. Payback period models do not consider the amount of profit that may be generated after the costs are paid.
a. True
b. False
ANSWER: True
DIFFICULTY: Moderate
QUESTION TYPE: True / False
LEARNING OBJECTIVES: CTPM.KLOP.19.02.04 - Compare the strengths and weaknesses of using financial and scoring models to select projects.
KEYWORDS: Bloom's: Comprehension
NOTES: Completion Time: 5 Minutes

19. None of the financial project selection models ensure alignment of the project with an organization’s strategic goals.
a. True
b. False
ANSWER: True
DIFFICULTY: Moderate
QUESTION TYPE: True / False
LEARNING OBJECTIVES: CTPM.KLOP.19.02.04 - Compare the strengths and weaknesses of using financial and scoring models to select projects.
KEYWORDS: Bloom's: Comprehension
NOTES: Completion Time: 5 Minutes

20. Scoring models are most useful when there are multiple projects and several criteria to be considered.
a. True
b. False
ANSWER: True
DIFFICULTY: Moderate
QUESTION TYPE: True / False
LEARNING OBJECTIVES: CTPM.KLOP.19.02.05 - Given organizational priorities and several projects, demonstrate how to select and prioritize projects using a scoring model.

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KEYWORDS: Bloom's: Knowledge
NOTES: Completion Time: 3 Minutes

21. Traditional financial models are most useful when there are multiple projects and several criteria to be considered.
a. True
b. False
ANSWER: False
DIFFICULTY: Moderate
QUESTION TYPE: True / False
LEARNING OBJECTIVES: CTPM.KLOP.19.02.04 - Compare the strengths and weaknesses of using financial and scoring models to select projects.
KEYWORDS: Bloom's: Comprehension
NOTES: Completion Time: 5 Minutes

22. Sometimes situations dictate that a project must be chosen regardless of any other considerations such as strategic fit, profitability or probability of success.
a. True
b. False
ANSWER: True
DIFFICULTY: Moderate
QUESTION TYPE: True / False
LEARNING OBJECTIVES: CTPM.KLOP.19.02.02 - Describe how to select, prioritize, and resource projects as an outgrowth of strategic planning.
KEYWORDS: Bloom's: Comprehension
NOTES: Completion Time: 5 Minutes

23. In addition to considering financial factors, organizations often identify project selection criteria to determine how well each potential project fits with the organization’s strategic planning.
a. True
b. False
ANSWER: True
DIFFICULTY: Moderate
QUESTION TYPE: True / False
LEARNING OBJECTIVES: CTPM.KLOP.19.02.02 - Describe how to select, prioritize, and resource projects as an outgrowth of strategic planning.
KEYWORDS: Bloom's: Comprehension
NOTES: Completion Time: 3 Minutes

24. Scoring models are very useful in providing input into the starting order of projects.
a. True
b. False
ANSWER: True
DIFFICULTY: Easy
QUESTION TYPE: True / False
LEARNING OBJECTIVES: CTPM.KLOP.19.02.05 - Given organizational priorities and several projects, demonstrate

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how to select and prioritize projects using a scoring model.
KEYWORDS: Bloom's: Knowledge
NOTES: Completion Time: 3 Minutes

25. Project scoring models are very useful in providing performance data that can be used to terminate a project.
a. True
b. False
ANSWER: False
DIFFICULTY: Challenging
QUESTION TYPE: True / False
LEARNING OBJECTIVES: CTPM.KLOP.19.02.05 - Given organizational priorities and several projects, demonstrate how to select and prioritize projects using a scoring model.
KEYWORDS: Bloom's: Application
NOTES: Completion Time: 10 Minutes

26. When a contractor seeking external projects prepares to submit a proposal, it is really conducting a small project with the primary deliverable of the project being a compelling and complete proposal.
a. True
b. False
ANSWER: True
DIFFICULTY: Moderate
QUESTION TYPE: True / False
LEARNING OBJECTIVES: CTPM.KLOP.19.02.03 - From a contractor’s viewpoint, describe how to secure projects.
KEYWORDS: Bloom's: Knowledge
NOTES: Completion Time: 5 Minutes

27. When a client company decides to engage an external contractor to perform project work, it must be prepared to submit a proposal and prepare a bid.
a. True
b. False
ANSWER: False
DIFFICULTY: Challenging
QUESTION TYPE: True / False
LEARNING OBJECTIVES: CTPM.KLOP.19.02.03 - From a contractor’s viewpoint, describe how to secure projects.
KEYWORDS: Bloom's: Application
NOTES: Completion Time: 10 Minutes

28. Which of the following statements concerning strategic analysis is true?
a. Strategic analysis focuses exclusively upon external analysis.
b. External analysis focuses on the strengths and weaknesses of the organization.
c. Internal analysis focuses on the threats and opportunities facing the organization.
d. External analysis focuses on the threats and opportunities facing the organization.
ANSWER: d
DIFFICULTY: Moderate
QUESTION TYPE: Multiple Choice

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LEARNING OBJECTIVES: CTPM.KLOP.19.02.01 - Explain in your own words the strategic planning and portfolio management processes.
KEYWORDS: Bloom's: Comprehension
NOTES: Completion Time: 5 Minutes

29. All of the following factors influence the opportunities and threats an organization must consider when performing a strategic analysis EXCEPT:

a. competitors
b. suppliers
c. regulatory agencies
d. employees

ANSWER: d
DIFFICULTY: Moderate
QUESTION TYPE: Multiple Choice
LEARNING OBJECTIVES: CTPM.KLOP.19.02.01 - Explain in your own words the strategic planning and portfolio management processes.
KEYWORDS: Bloom's: Comprehension
NOTES: Completion Time: 5 Minutes

30. A clear and compelling vision will have all the following characteristics EXCEPT:

a. often requires extra effort to achieve.
b. often requires several years to achieve.
c. provides detailed roadmap for managing a project
d. helps all stakeholders understand the direction of the organization

ANSWER: c
DIFFICULTY: Moderate
QUESTION TYPE: Multiple Choice
LEARNING OBJECTIVES: CTPM.KLOP.19.02.01 - Explain in your own words the strategic planning and portfolio management processes.
KEYWORDS: Bloom's: Comprehension
NOTES: Completion Time: 5 Minutes

31. Which of the following responses most accurately depicts the correct sequence of activities in the strategic planning process?

a. strategic objectives - strategic analysis - guiding principles - flow-down objectives
b. guiding principles - strategic analysis - strategic objectives - flow-down objectives
c. strategic analysis - guiding principles - strategic objectives - flow-down objectives
d. guiding principles - strategic objectives - flow-down objectives - strategic analysis

ANSWER: c
DIFFICULTY: Challenging
QUESTION TYPE: Multiple Choice
LEARNING OBJECTIVES: CTPM.KLOP.19.02.01 - Explain in your own words the strategic planning and portfolio management processes.
KEYWORDS: Bloom's: Application

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NOTES: Completion Time: 10 Minutes

32. Many writers have stated that for strategic objectives to be effective, they should be:

a. broad - to cover many dimensions of the business
b. measurable - to track progress
c. unachievable - to inspire maximum performance
d. resource based - to focus on the inputs

ANSWER: b
DIFFICULTY: Moderate
QUESTION TYPE: Multiple Choice
LEARNING OBJECTIVES: CTPM.KLOP.19.02.01 - Explain in your own words the strategic planning and portfolio management processes.
KEYWORDS: Bloom's: Comprehension
NOTES: Completion Time: 5 Minutes

33. All of the following statements concerning project portfolios are true EXCEPT:

a. The projects in a portfolio are managed as a group to achieve strategic business objectives.
b. Portfolios cannot include operations and programs.
c. Portfolios usually include a mix of some high-risk, high-reward projects and some low-risk projects.
d. Each project in the portfolio should have a direct impact on the organization.

ANSWER: b
DIFFICULTY: Challenging
QUESTION TYPE: Multiple Choice
LEARNING OBJECTIVES: CTPM.KLOP.19.02.02 - Describe how to select, prioritize, and resource projects as an outgrowth of strategic planning.
KEYWORDS: Bloom's: Application
NOTES: Completion Time: 10 Minutes

34. Portfolios deal with all of an organization’s projects, while programs deal with:

a. ongoing operations
b. a specific group of related projects, subprograms, and program activities
c. resource availability
d. tradeoffs between schedule, scope and quality

ANSWER: b
DIFFICULTY: Moderate
QUESTION TYPE: Multiple Choice
LEARNING OBJECTIVES: CTPM.KLOP.19.02.02 - Describe how to select, prioritize, and resource projects as an outgrowth of strategic planning.
KEYWORDS: Bloom's: Comprehension
NOTES: Completion Time: 5 Minutes

35. Portfolio management helps an organization achieve its strategic goals in all of the following ways EXCEPT:

a. managing ongoing projects

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b. providing needed resources
c. selecting the right projects
d. prioritizing work to be done

ANSWER: a
DIFFICULTY: Moderate
QUESTION TYPE: Multiple Choice
LEARNING OBJECTIVES: CTPM.KLOP.19.02.02 - Describe how to select, prioritize, and resource projects as an outgrowth of strategic planning.
KEYWORDS: Bloom's: Comprehension
NOTES: Completion Time: 5 Minutes

36. This document summarizes why the project is important by describing the benefits of a selected component, and is used as a basis for authorizing further project management activities:

a. program management plan
b. business case
c. SWOT analysis
d. guiding principle

ANSWER: b
DIFFICULTY: Moderate
QUESTION TYPE: Multiple Choice
LEARNING OBJECTIVES: CTPM.KLOP.19.02.02 - Describe how to select, prioritize, and resource projects as an outgrowth of strategic planning.
KEYWORDS: Bloom's: Comprehension
NOTES: Completion Time: 5 Minutes

37. All of the following factors should be assessed to determine an organization’s ability to perform projects EXCEPT:

a. Do we have have a teamwork attitude, free and open communication, creativity, and empowered decision making?
b. Do we have a clearly defined project management process?
c. Do teams and individuals follow instructions well?
d. Do we monitor and understand our external environment?

ANSWER: c
DIFFICULTY: Moderate
QUESTION TYPE: Multiple Choice
LEARNING OBJECTIVES: CTPM.KLOP.19.01.06 - Explain the strengths an organization might possess that could improve its ability to perform projects.
KEYWORDS: Bloom's: Comprehension
NOTES: Completion Time: 5 Minutes

38. All of the following represent appropriate sources to identify new potential projects EXCEPT:

a. existing and potential customers
b. the operations staff within the organization
c. industry and trade journals
d. lessons learned from previous projects

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ANSWER: d
DIFFICULTY: Moderate
QUESTION TYPE: Multiple Choice
LEARNING OBJECTIVES: CTPM.KLOP.19.02.02 - Describe how to select, prioritize, and resource projects as an outgrowth of strategic planning.
KEYWORDS: Bloom's: Comprehension
NOTES: Completion Time: 5 Minutes

39. Which of the following statements best describes the contemporary use of financial models and scoring models for project selection?

a. These methods are often used together to ensure financial and non-financial factors are both considered.
b. Financial methods are preferred because they ensure alignment with the organization's strategic goals.
c. Scoring models are unreliable because they fail to consider financial factors.
d. One of these techniques is typically used to the exclusion of the other, due to time demands.

ANSWER: a
DIFFICULTY: Moderate
QUESTION TYPE: Multiple Choice
LEARNING OBJECTIVES: CTPM.KLOP.19.02.04 - Compare the strengths and weaknesses of using financial and scoring models to select projects.
KEYWORDS: Bloom's: Application
NOTES: Completion Time: 5 Minutes

40. Which of the following statements correctly describes a weakness associated with the financial project selection model?

a. The benefit-to-cost models favor projects which generate the smallest absolute return over a specified period.
b. Payback period models do not consider the profit to be realized after the costs are paid.
c. The Net Present Value (NPV) method does not consider the time value of money.
d. The Internal Rate of Return (IRR) method is difficult to use when a project has conventional cash flows.

ANSWER: b
DIFFICULTY: Challenging
QUESTION TYPE: Multiple Choice
LEARNING OBJECTIVES: CTPM.KLOP.19.02.04 - Compare the strengths and weaknesses of using financial and scoring models to select projects.
KEYWORDS: Bloom's: Application
NOTES: Completion Time: 10 Minutes

41. All of the following criteria serve as a valid basis for identifying potential projects in most organizations EXCEPT:

a. social need
b. environmental consideration
c. technological advance
d. internal politics

ANSWER: d
DIFFICULTY: Moderate

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QUESTION TYPE: Multiple Choice
LEARNING OBJECTIVES: CTPM.KLOP.19.02.02 - Describe how to select, prioritize, and resource projects as an outgrowth of strategic planning.
KEYWORDS: Bloom's: Comprehension
NOTES: Completion Time:5 Minutes

Project/Criteria & Weight:	New Products **10**	Customer Relations **6**	Supplier Relations **7**	Success Probability **5**	Weighted Total Score
Project A	5 **50**	3 **18**	3 **21**	3 **15**	**104**
Project B	3 **30**	4 **24**	5 **35**	4 **20**	**109**
Project C	3 **30**	4 **24**	3 **21**	2 **10**	**85**
Project D	2 **20**	2 **12**	5 **35**	3 **15**	**82**

Figure 2-1 Project Selection and Prioritization Matrix

42. Based on the information provided in Figure 2-1, which criterion is most important to the leadership team?

a. new products
b. customer relations
c. supplier relations
d. success probability

ANSWER: a
DIFFICULTY: Moderate
QUESTION TYPE: Multiple Choice
LEARNING OBJECTIVES: CTPM.KLOP.19.02.05 - Given organizational priorities and several projects, demonstrate how to select and prioritize projects using a scoring model.
KEYWORDS: Bloom's: Application
NOTES: Completion Time: 5 Minutes

43. Based on the information provided in Figure 2-1, which project has the highest probability of success?

a. Project A
b. Project B
c. Project C
d. Project D

ANSWER: b
DIFFICULTY: Moderate
QUESTION TYPE: Multiple Choice
LEARNING OBJECTIVES: CTPM.KLOP.19.02.05 - Given organizational priorities and several projects, demonstrate how to select and prioritize projects using a scoring model.

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KEYWORDS: Bloom's: Application
NOTES: Completion Time: 5 Minutes

44. Consider the information provided in Figure 2-1. Based on the results in the project selection and prioritization matrix, which project would you select if you were limited to selecting only one project?

a. Project A
b. Project B
c. Project C
d. Project D

ANSWER: b
DIFFICULTY: Easy
QUESTION TYPE: Multiple Choice
LEARNING OBJECTIVES: CTPM.KLOP.19.02.05 - Given organizational priorities and several projects, demonstrate how to select and prioritize projects using a scoring model.
KEYWORDS: Bloom's:Application
NOTES: Completion Time: 3 Minutes

45. Based on the information provided in Figure 2-1, which project is LEAST attractive based on new products?

a. Project A
b. Project B
c. Project C
d. Project D

ANSWER: d
DIFFICULTY: Moderate
QUESTION TYPE: Multiple Choice
LEARNING OBJECTIVES: CTPM.KLOP.19.02.05 - Given organizational priorities and several projects, demonstrate how to select and prioritize projects using a scoring model.
KEYWORDS: Bloom's: Application
NOTES: Completion Time: 5 Minutes

46. Once selected projects have been prioritized, it is time to assign resources to each. Resources could include all of the following EXCEPT:

a. subject matter experts b. equipment
c. quality metrics d. funds

ANSWER: c
DIFFICULTY: Easy
QUESTION TYPE: Multiple Choice
LEARNING OBJECTIVES: CTPM.KLOP.19.02.02 - Describe how to select, prioritize, and resource projects as an outgrowth of strategic planning.
KEYWORDS: Bloom's: Knowledge
NOTES: Completion Time: 3 Minutes

47. Which of the following is NOT a typical source selection criterion that an organization would use to evaluate potential contractors?

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a. life cycle cost
b. references
c. personalities
d. technical approach

ANSWER: c
DIFFICULTY: Easy
QUESTION TYPE: Multiple Choice
LEARNING OBJECTIVES: CTPM.KLOP.19.02.03 - From a contractor’s viewpoint, describe how to secure projects.
KEYWORDS: Bloom's: Knowledge
NOTES: Completion Time: 3 Minutes

48. _____ between a client company and a contractor company should aim at a win-win solution, and the outcome must benefit both the parties involved.

a. selections
b. meetings
c. conflicts
d. negotiations

ANSWER: d
DIFFICULTY: Moderate
QUESTION TYPE: Multiple Choice
LEARNING OBJECTIVES: CTPM.KLOP.19.02.03 - From a contractor’s viewpoint, describe how to secure projects.
KEYWORDS: Bloom's: Application
NOTES: Completion Time: 5 Minutes

49. All of the following may be negotiated between a client company and a contractor EXCEPT:
a. the amount of money to be paid.
b. quality standards
c. selection criteria for scoring models
d. personnel assignments

ANSWER: c
DIFFICULTY: Moderate
QUESTION TYPE: Multiple Choice
LEARNING OBJECTIVES: CTPM.KLOP.19.02.03 - From a contractor’s viewpoint, describe how to secure projects.
KEYWORDS: Bloom's: Comprehension
NOTES: Completion Time: 5 Minutes

50. Describe the relationship between the strategic planning process and portfolio management in an organization.
ANSWER: **Key concepts to be covered in the response could include, but are not limited to:**

Project selection should begin with the organization’s strategic planning process, which could include a strategic analysis of the organization’s strengths and weaknesses (SWOT analysis).

A vision and mission statement would then be developed, and would be used to set strategic objectives and flow-down objectives for the organization.

Portfolio management would follow, as its goal is to achieve the maximum benefit toward

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the strategic goals of the company. To accomplish this, executives need to identify, select, prioritize, resource, and govern an appropriate portfolio of projects and other work.

DIFFICULTY: Challenging
QUESTION TYPE: Essay
LEARNING OBJECTIVES: CTPM.KLOP.19.02.01 - Explain in your own words the strategic planning and portfolio management processes.
KEYWORDS: Bloom's: Application
NOTES: Completion Time: 10 Minutes

51. Describe the advantages and limitations of financial models in project selection.
ANSWER: **Key concepts to be covered in the response could include, but are not limited to:**

Financial models are helpful because from management's perspective, projects are investments.Therefore, proper selection should yield a portfolio of projects that collectively contribute to organizational success.

All financial analysis techniques have both strengths and weaknesses. None of the financial models ensure alignment with an organization's strategic goals. Therefore, financial analysis, while very useful, is normally not enough.

In addition to ensuring that selected projects make sense financially, other criteria often need to be considered. A tool called a scoring model helps to select and prioritize potential projects. It is useful whenever there are multiple projects and several criteria to be considered.

DIFFICULTY: Moderate
QUESTION TYPE: Essay
LEARNING OBJECTIVES: CTPM.KLOP.19.02.04 - Compare the strengths and weaknesses of using financial and scoring models to select projects.
KEYWORDS: Bloom's: Comprehension
NOTES: Completion Time: 5 Minutes

52. Describe the advantages and limitations of scoring models in project selection.
ANSWER: **Key concepts to be covered in the response could include, but are not limited to:**

Scoring models are helpful in selecting and prioritizing potential projects. They are useful if there are several criteria for project selection, and multiple projects to consider.

Project selection criteria should include how well each potential project fits with the organization's strategic planning. The company's leaders should agree on these criteria. Mandatory "must do" criteria should be identified and all criteria should be assigned weights.

Projects can then be scored according to each criterion and assigned a weighted score.

When completed the weighted scoring models can serve as a starting point for project selection and order of priority However, other factors should be considered such as the urgency of each project, practical details concerning the timing, the cost of delaying expected benefits from selected projects, and conflicting resource needs.

DIFFICULTY: Challenging
QUESTION TYPE: Essay
LEARNING OBJECTIVES: CTPM.KLOP.19.02.04 - Compare the strengths and weaknesses of using financial and

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scoring models to select projects.

KEYWORDS: Bloom's: Application

NOTES: Completion Time: 10 Minutes

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